

## **LOCAL FIRE AND RESCUE DEPARTMENT FINANCIAL POLICY**

### **I. INTRODUCTION**

Montgomery County's local fire and rescue departments (LFRDs) are independent corporations chartered by the State of Maryland, managed in a public/private partnership with Montgomery County Fire and Rescue Service, as defined in Chapter 21-1 of the County Code. Although the LFRDs may exercise their financial affairs as independent businesses in most respects, because they accept public funds from federal government, Montgomery County and the State of Maryland, they are required to follow these procedures to safeguard those funds.

### **II. THE ROLE OF THE LFRD'S BOARD OF DIRECTORS**

Each LFRD Board of Directors is responsible for the general financial and administrative oversight of the corporation. That responsibility includes:

- financial oversight and management of all funds, including federal, State, County, and LFRD tax-related funds;
- designating or assigning responsibility for accounting procedures and/or financial authority, as appropriate. This authorization must be written and approved by each LFRD Board of Directors, and must be kept up-to-date; and
- providing and maintaining written records of all policies, procedures, LFRD meeting minutes, and tax-related financial records for review and audit by the appropriate authorities.

### **III. SEGREGATION OF DUTIES**

Optimal accounting and auditing practices require that each stage of a transaction be examined to ensure the highest level of integrity and accountability. This financial oversight must include segregating duties when possible, with each step in the purchase payment process completed by a different individual. For example: one individual completes the purchase order; a second individual verifies receipt of the order; and a third individual pays the invoice. Therefore, it is the responsibility of each LFRD's Board of Directors to ensure that all transactions are reviewed and approved, to fulfill its fiduciary responsibility regarding federal, County and State tax funds. However, when segregation is not possible:

1. a designated Board Member(s) must review each purchase order, invoice, bill, and check, to ensure that each purchase is made at the best economical value, for legitimate needs, and that proper quantities are received;

2. LFRD accounts must be reviewed at least monthly, to ensure satisfactory financial conditions and cash availability;
3. the Treasurer, a Board Member, or other third party (i.e., an accountant), must receive and review the bank statements and canceled checks before turning them over to the individual responsible to prepare the bank reconciliation; and
4. the Treasurer, a Board Member, or other third party (i.e., an accountant) must also review and approve by signature, the bank account's reconciliation after it is prepared.
5. LFRDs that are controlled by a Local Fire Board have an additional level of scrutiny, enabling them to maintain the integrity of their accounting systems.

#### **IV. BUDGET**

An LFRD may prepare three types of budgets: a County Operating Budget; the State Grant Budget (Senator Amoss/"508" Fund); and the County's Capital Improvement Program (CIP) budget. The Operating and State Grant budgets have four areas of responsibility: establishing accounts; budget submission; budget management; and budget reporting. LFRD budgets are submitted in accordance with Chapter 21-22 of the County *Code*.

##### **A. THE OPERATING BUDGET**

1. **Establishing the Chart of Accounts and Programs Overview.**  
Common presentations of a chart of accounts for appropriation and expenditure include:
  - a. The LFRD's operating budgets, which are divided into seven programs, under which funds are further classified as line items. These programs include:
    - Volunteer Support
    - Fire/EMS Supply
    - Administration
    - Vehicle Maintenance
    - Facility Management
    - Public Service
    - Specialty Teams (if applicable- see Appendix A)
  - b. Each LFRD that receives County tax funds for Operating Expenses and Capital Outlay has tax funds transferred into its designated checking account. Personnel Costs are paid directly by the County to the employee as wages, or are credited within

the County's FAMIS system to pay for the various fringe benefits. The LFRDs do not directly disburse these funds, but must monitor personnel expenditures to ensure expenditures do not exceed appropriations.

- c. In the County budget system (BPREP), and its accounting system (FAMIS), the Chart of Accounts includes hierarchical index, object, and sub-object codes to identify the revenues and expenditures related to numerous fiscal entities, and for required tracking purposes, County-wide.
- d. The basic County financial codes are used in the individual LFRD's Chart of Accounts, but may be altered to meet local tracking or software needs if the reports can easily be referenced to the County system. LFRD accounting systems may also include more detail than the County system, i.e., an LFRD may have separate line items for vehicle maintenance for each piece of apparatus, and then aggregate the expenditures into the vehicle maintenance line item for quarterly and annual reporting to the County.

**2. Budget Approval and Submission Process (County Code Sec. 21-22).**

- a. The County transmits a budget request packet to each LFRD within the first quarter of the fiscal year, including instructions and timelines for developing the submission of the County budget for the following fiscal year.
- b. The LFRD Treasurer or designee must complete the County budget submission, according to the instructions of its Board of Directors, and in compliance with LFRD policy.
- c. The LFRD's Board of Directors approves the County budget submission for the LFRD, and forwards it to the MCFRS Budget Office by the established deadline.
- d. The MCFRS budget office reviews the LFRD's budget submission and submits it to the Fire Chief.
- e. The Fire Chief reviews the individual LFRD budget in light of the MARC, and recommends an appropriate amount to submit to OMB for consideration by the County Executive.
- f. The FRC reviews the budget and provides comments on the Fire Chief's budget submission to the County Council and the County Executive.

- g. The Fire Chief submits the MCFRS budget to the County's Office of Management and Budget (OMB), which reviews it and makes its recommendations based upon the current revenue and spending projections for the coming fiscal year, and includes the MCFRS budget in the County's overall budget.
  - h. OMB submits the County's budget to the County Executive for review and approval, and the Executive transmits this recommended budget to the County Council for its review and action.
- 3. **Budget Management.** The budget management process entails monitoring revenue and expenditures throughout the year to maintain adequate cash flow, and to ensure that the LFRD is staying within its authorized appropriation authority. If deficits are projected, the LFRD's Board of Directors or designee(s) review the situation and recommend remedial action, which may include:

reducing expenditures;  
seeking Supplemental Appropriations;  
seeking advancement on allotments; or  
transferring funds within the LFRD's budget from one appropriation category to another.

The LFRD designee should seek the advice of the MCFRS Budget Office on how to process these items.

It is the responsibility of the President or Treasurer of the LFRD's Board of Directors to notify the MCFRS Budget Office, immediately, of any projected deficits or any accounting irregularities regarding tax funds.

#### 4. **Budget Reporting**

- a. Monthly reports must be prepared for, and reviewed by the Board of Directors of each LFRD.
- b. Periodically, the County distributes requests for budget projections for the remainder of the fiscal year, which must be completed and returned by the indicated deadline.
- c. At the end of the fiscal year, a compilation of all year-to-date expenditures (actual and encumbered) must be developed for use in preparing the following fiscal year's budget, and as an internal management tool.

**B. THE CAPITAL IMPROVEMENT PROGRAM (CIP).**

The County's CIP budget is currently formulated in two year cycles. The CIP programs are not separate accounts, but discrete projects, which are managed by the Facility Management Division of the County's Department of Public Works and Transportation.

**CIP Budget Submission and Approval**

- a. When an LFRD receives the County's notice and timeline for submittals regarding the start of the CIP budget cycle, it must evaluate the needs of its facility for major repairs, expansions, renovations, or new construction. When these needs are identified, the LFRD must develop justifications and obtain cost estimates to submit to its Board of Directors.
- b. When the Board of Directors approves the project, the completed budget must be forwarded to the MCFRS Budget Office by the established deadline.
- c. The MCFRS Budget Office reviews the budget and submits it to the Fire Chief. The Chief must then submit a unified MCFRS budget, which includes those of the LFRDs and MCFRS, to the FRC for its review and comment.
- d. Each LFRD must monitor its project proposals throughout the MCFRS and OMB approval budget process to ensure that adequate information is provided to the decision-makers.
- e. When the County Council approves a CIP project, the affected LFRD President must designate a representative to act as a liaison with the County facilities project manager to monitor program progress.

**C. STATE GRANT FUNDS: FRC Policy 03-07, *Sen. William H. Amoss Fund Procedures*, and State requirements**

1. **Accounting for State Grant Funds.** The hallmark of State Grant Funds is that *they must be segregated from other tax funds*. Funds must be maintained in a separate bank accounts, with separate recordkeeping, and separate files. These funds are transferred to a separately-designated State Grant Fund bank account upon their receipt, and expenditures are recorded in the year in which they occur. All interest earned on State Grant funds must be accounted for separately, to distinguish it from all other LFRD funds. The interest earned on these funds cannot be expended until formal approval is received from the MCVFRA President and the Fire Chief.
  - a. The accounting for State Grant allocations and expenditures is tracked by activity within each individual fiscal year, and also by a perpetual accounting over the life of funds received.
  - b. Each LFRD and the MCFRS Budget Office must maintain a perpetual accounting of all State Grant activity, referred to as the State Grant “Inventory” or “History,” including:

all State Grant funds allocated to each  
LFRD from FY 86 through the present year;

the date, amount, and description of all  
State Grant Fund expenditures of each LFRD from FY  
86 through the present;

the date, amount, and description of all  
allocation amendments (i.e., the reprogrammed or  
transferred funds that were originally allocated for one  
purpose, but were later changed to another purpose);

the amount of interest earned on each  
LFRD’s State Grant Funds, but not yet allocated;  
and

the net total of each LFRD’s unspent State  
Grant Funds.

2. **Submission and Approval of Grant Fund Requests,  
FRC Policy 03-07, Sen. William H. Amoss Fund Procedures**

- a. The MCVFRA President must send each LFRD an application package when State funding becomes available. The LFRD must identify and prioritize its needs according to Sen. Amoss’/”508” Fund guidelines, and propose a use for these funds within those guidelines. State Grant Funds must be spent only for items and services used, as outlined in the State law:

acquire or rehabilitate fire or rescue apparatus;

acquire or rehabilitate capital equipment used in connection with fire, rescue, and EMS apparatus; or

rehabilitate facilities used primarily to house firefighting apparatus, equipment, ambulances, and rescue vehicles.

- b. The LFRD President must forward the completed request for State Grant Funds to the MCVFRA President for their review and recommendation to the Fire Chief. The Fire Chief or MCFRA President may request more information on the LFRD proposal, and must either approve or reject the proposal. The Fire chief will forward the approved applications for proposed distribution of funds to OMB, the County Executive, and the County Council for final review and approval.
- c. When the Council has made the final approval on State Grant funding, the MCFRS Budget Section will forward an agreement to the LFRD President, who reviews and signs the document, indicating concurrence with any stipulations included, and returns the agreement to the MCFRS Budget Office. State Grant Funds are then transferred to the LFRDs designated bank accounts by the MCFRS Budget Office.

### **3. Budget Management of State Grant Funds**

The MCVFRA President and the Fire Chief allocate State Grant Funds for specific purchases or expenditures, based upon the LFRD's request submitted on its State Grant Fund Application. The LFRD may expend the funds only as specified in the grant application, and must obtain approval (an "amendment") from the MCVFRA President and the Fire Chief before it may expend funds for any other purpose. The MCVFRA President and the Fire Chief must also provide formal approval before any interest or dividends earned, or surplus derived from State Grant Fund accounts and investments may be expended. All State Grant Fund allocation approvals and amendments must be documented in separate "Operating Budget Agreements/Amendments" between the Fire Chief and the LFRD. The MCFRS Budget Office generates these amendments.

State Grant Funds:

- a. must be segregated from all other funds, and tracked by both fiscal year allocation and project name; and

- b. cannot be spent before the Council's approval, nor can loans be taken from County tax funds in anticipation of the receipt or approval of Grant Funds.

#### **4. Reporting State Grant Funds**

- a. An accounting of each fiscal year activity is required for the annual LFRD tax fund audit, and for the State/County audit report. At least once a year, the MCFRS Budget Office will request all LFRDs to update their State Grant inventory and monies, and submit copies of State Grant bank and investment account statements, and copies of documentation (POs, invoices, checks) for all expenditures made since the last request. On their receipt, the designated LFRD person must update the State Grant Inventory with any allocations, amendments, expenditures, and/or interest earned information not currently included. The updated Inventory must then be sent to the MCFRS Budget Office with all supporting documentation attached. The MCFRS Budget Office will then update the information, and transmit the newly-updated Inventory to the LFRD for its files. The LFRD President must review the updated Inventory for accuracy before it is filed.
- b. Each LFRD Treasurer or designee must maintain a State Grant Fund file, in chronological order, with copies of all applications, agreements, amendments, and inventories. For accounting purposes, bank/investment account statements, cancelled checks, purchase orders, and invoices must be maintained in a separate file, by fiscal year.
- c. When purchases are made using State Grant Funds and County Tax Funds and/or LFRD funds, a separate check must be written from each fund, and the check number(s) and date(s) must be written on the invoice and other required reports.
- d. Only vendor invoices for payment are acceptable for audit purposes. Estimate sheets, vendor letterhead, and/or purchase orders are not acceptable. See Appendix B for a sample of a State Grant Fund Inventory.

## **V. ACCOUNT DESCRIPTIONS AND PROCEDURES**

The Chart of Accounts is a complete list of individual components or line items (accounts) that track specific types of expenses or revenue (income). Summary reports may highlight various issues or provide different levels of detail by how line items with some relationship are placed together or aggregated in a report.



## A. GENERAL FUND ASSETS

1. **Cash.** Includes petty cash, checking accounts, etc. Record any service charges included on the LFRD bank statement as expenditures in the current fiscal year.
2. **Investments.** Include saving accounts, Certificates of Deposits, etc.
3. **Monies Due from Montgomery County.** Includes an account receivable established when the County sends a letter to the LFRDs each year that reconciles the funds appropriated to each LFRD, to funds the County disbursed to the LFRDs and expended on their behalf. At the bottom of this letter, the County indicates whether any funds are still owed to each LFRD as of year-end.
4. **Accounts Receivable (other).** This detailed list must be prepared at fiscal year-end, indicating all outstanding receivables that constitute the final accounts receivable balance. The LFRD Treasurer must analyze the accounts receivable general ledger account at year-end, and consider each component of this account to determine whether:
  - each receivable is still outstanding;
  - each receivable is collectible; and
  - all receivables have been recorded.

## B. LIABILITIES

1. **Due to Montgomery County.** Creates a current liability. The annual budget letter that the County sends to each LFRD lists amounts that are due to the County. These payables result when the County incurs more expenditures on behalf of an LFRD than was originally appropriated. The monthly payment allotment that the County sends to each LFRD during the fiscal year is calculated based on each LFRD's total annual appropriation, less the amounts the County anticipates expending on the LFRD's behalf, plus or minus the fund balance for the previous year, divided by twelve months. If the County's disbursements on behalf of the LFRD are overspent, too much money has been distributed to the LFRD, and a refund is due promptly to the County.
2. **Accounts Payable.** Each time goods and/or services are received from a vendor, an accounts payable entry is recorded. The LFRD Treasurer must examine the balance remaining in this account on June 30 of the current fiscal year, to ensure that it contains only valid payables. The Treasurer must evaluate all invoices dated after June 30 to determine if the goods were received, or services rendered, before June 30, making them a current year liability. The Treasurer must then prepare an expenditure listing all the accounts payable that make up the balance in the general ledger.

## C. LFRD FUND BALANCE

1. **Reserved for Encumbrances.** Encumbrances represent the estimated amount of expenditures for goods and services that have been ordered but not received. An encumbrance does not constitute an expenditure or liability of the LFRD, but is a reserve against the fund balance that is recorded when the Purchase Order is initiated.

On June 30, each LFRD must prepare a listing of all encumbrances that have not been expended and are still in the "Reserved for Encumbrances" account to be provided to the auditors. This list must be matched with the executed Purchase Orders and examined to determine if the funds must remain encumbered, or if the encumbrance must be removed from the LFRD by the designated authority.

2. **Account Reserved for State Grant Revenue.** This account indicates the current amount equal to the cash balance of all the State Grant accounts and investments, including all interest, dividends, and unspent Grant Funds in the current and all prior years.

## D. REVENUE

1. **Montgomery County Revenue.** Throughout the year, each LFRD must record in its general ledger the monthly allotments received from the County, and monies that the County has spent on the LFRD's behalf, as detailed in the FAMIS report periodically sent by the County.
2. **State Grant Revenue.** The funds received by the LFRD from the State Grant Fund are indicated on the County's reconciliation letter. The LFRD Treasurer must reconcile this "State Grant Revenue" account in the same manner as the "Montgomery County Revenue" account.
3. **Miscellaneous.** Other funds received- see Section H.5. and H.6. below for guidance on **Bank and Investment Interest/Dividends** and other income.

## E. EXPENDITURES

1. **Personnel Services.** This account includes salary and fringe benefit expenditures paid by the County.
2. **Operating Expenses.** This account includes all expenditure activity that is not Personnel Expenses, or Capital Expenditures. Examples include Utilities, Telephone Charges, Uniforms, Food Costs, etc.
3. **Capital Outlay.** This account includes expenditures that are made to acquire fixed assets with a unit cost of over \$5000 (or the current

County dollar limit), that have an economic life longer than one year, or that result in significant improvements to buildings.

4. **State Grant Expenditures.** The use of State Grant Funds is authorized *only* to acquire goods and services used in direct support of operation and fire services, as outlined in applicable policies.

## **F. PURCHASES**

1. Consecutively numbered purchase orders (POs) must be used to purchase goods and services, except for normal monthly expenses such as utilities, gas, oil, etc.
2. POs must be authorized as established by the Board of Directors (as specified in the LFRD by-laws), and/or membership, before being sent to vendors, and must be properly recorded, e.g.:
3. Purchases costing less than \$5000 must be authorized by the designated purchaser (OSC, Administrative professional, etc.), as established in FRC regulation; and purchases exceeding \$5000 must be authorized by the Board of Directors.
4. All expense authorizations must be in writing, unless an emergency exists. An emergency purchase is defined as a purchase that, if it were not made, would adversely impact operations, safety, and/or security, as authorized by the LFRD Board of Directors.
5. The authorized LFRD Treasurer or designee must sign all POs to verify that sufficient funds remain, and to ensure proper recording of encumbered funds.
6. The LFRD Treasurer or designee must record the associated liability when the PO is approved, and place POs and other documentation in a file for review until they are acted upon.
7. The LFRD Treasurer or designee must review and authorize (i.e., sign and date) all POs before payment is made.

## **G. RECEIVING**

1. The individual who receives a delivery or order must sign for the shipment after verifying the accuracy of the delivery, and forward the appropriate documentation (packing slip, invoice, etc.) to the LFRD's administrative office.
2. Receipt of the goods and/or services must be recorded by the appropriate authority.

3. The LFRD Treasurer or designee must review all invoices for mathematical and billing errors before final payment, and must pay bills promptly when the bill or invoice is received.
4. The appropriate authority must identify the invoice and supporting documents as “canceled” or “paid,” and record the check number and date in the blank space used to cancel these documents.
5. When the invoice is paid, debit the account payable, and credit the cash account.

#### H. REVENUES AND RECEIVABLES

1. Maintain County revenue (i.e., tax/budget funds) and State Grant Funds in separate bank accounts, with separate accounting records.
2. **Regular Monthly Budget Allotments** that the LFRD receive from the County must be posted to the Fire Tax Levy budget income account in the fiscal year in which they were received. The LFRD Treasurer will post the amount that is due to the LFRD for the fiscal year, but remains unpaid at year-end, to Fire Tax Income and Accounts Receivable budgets.
3. **Allotments for County Personnel Costs** are recorded as revenue for the funds paid by the County on behalf of the LFRD. The LFRD Treasurer must record this revenue through a journal entry as a debit to the Expenses Paid (e.g., Salary and Fringe Benefits), and a credit to Fire Tax Levy Income.
4. **State Grant Funds** are posted in the fiscal year in which they are received by the LFRD Treasurer. The State Grant Funds are being reported on the cash basis of accounting, and receivables are recorded at year-end for unpaid amounts. Expenditure of interest and/or dividends generated by these funds requires prior FRC and MCVFRA approval.
5. **Bank and Investment Interest/Dividends** are posted from tax fund accounts as interest income. They are considered “unreserved/undesignated income” in the fiscal year in which they are received, but will be shown as “designated” in a future year. These funds cannot be spent in the current fiscal year, but will be available to the LFRD in the second fiscal year after earning interest and dividend income. In calculating its monthly allotments to the LFRD, the County reduces the funds sent by the amount of interest and dividend income designated to the current fiscal year.
6. **Other Income**, including pay phone commissions, leases, rent, etc., are posted as “Other Income,” and are considered

“unreserved/undesignated income” in the fiscal year in which they are received, but will be shown as “designated” in a future year. These funds cannot be spent in the current fiscal year, but will be available to the LFRD in the second fiscal year, after earning interest and dividend income. In calculating its monthly allotments to the LFRD, the County reduces the funds sent, by the amount of interest and dividend income designated to the current fiscal year.

7. **Insurance Reimbursements, Gas Tax Refunds, and any other Refunds for Goods and Services** are credited against the budget expense account that incurred the original expense. Expenditures in that budget account will be reduced if the claim was dated on or before June 30<sup>th</sup> of that year. If the claim is dated after June 30<sup>th</sup>, it will become a miscellaneous item in the following year. The LFRD Treasurer or designee must maintain a separate file for each claim, and include expenses related to that income.
8. **Stale and/or Void Dated Checks.** Voided checks will result in a debit to Cash and a credit to Accounts Payable. If the check is reissued before year-end, reduce the Payable and Cash for the same amount. If the check will not be reissued, reverse the Payable if this occurs within the current year. If it does not occur within the current year, charge it to Miscellaneous Income. This transaction will result in a reduction (or debit) to Cash, and a reduction (or credit) to the expense account originally charged.
9. **Due from Montgomery County.** When the LFRD Treasurer receives the year-end County reconciliation letter (see Appendix C.), he/she must compare all items listed in the letter with his/her own accounting records. If all financial activity has been properly recorded in the LFRD’s general ledger, the amount listed in the letter as “Due to the Corporation” must equal the amount recorded in the LFRD’s general ledger as “Due from the County.” If these amounts do not agree, the LFRD Treasurer or designee must take the steps below.
  - a. The original County Appropriation and any Supplemental Appropriations of tax funds listed in the County’s letter must agree with copies of the appropriation documents maintained by the LFRD. The LFRD’s “Resources to Fund the Current Year Operations” indicated in the letter must equal the “Unreserved Fund Balance” designated for future expenditures from the prior year’s financial statements. This figure must be the same as “Unreserved/Undesignated” fund balance on the financial statements from two years ago. The LFRD Treasurer or designee must review the amounts listed as salaries, fringe benefits, insurance, and miscellaneous expenditures for accuracy.

- b. The amount of tax funds sent directly to each LFRD during the current fiscal year must equal the amount of cash received from the County that was recorded in the LFRD's cash receipts journal. This section of the County's letter shows the amounts transferred that relate to the current year appropriation. If any tax funds were sent during the fiscal year that do not relate to the current fiscal year, those amounts are listed separately at the bottom of the County letter.
- c. The County tax funds that are "receivable" typically consist of a combination of payments still to be mailed to the LFRD by the County, and funds that the County encumbered on behalf of the LFRD. Add these two amounts in the County letter, and compare the sum to the "Due from Montgomery County" general ledger account.

**Note:** If monies are due **to** Montgomery County, and/or due **from** Montgomery County at the same time, record both entries separately to fully account for each transaction.

- I. **PETTY CASH FUNDS** must be maintained in a specified amount; document all withdrawals by an invoice or receipt. Account for the Petty Cash Fund at the end of each month; the total of cash and receipts must equal the original specified amount. After replenishing the fund, record the expenditures in the general ledger. The LFRD Treasurer **must** perform this procedure at the end of the fiscal year.

**J. FIXED ASSETS**

- 1. Each LFRD must require the approval of its Board of Directors to acquire capital assets costing more than a specified maximum amount.
- 2. Each LFRD must maintain detailed property records for all significant self-constructed, donated, purchased, or leased assets costing \$1000 or more, unless they become a permanent part of the structure or surrounding property.
- 3. Each LFRD Treasurer must identify fixed assets with numbered tags, or other means of identification, and take a physical inventory of fixed assets once each year.
- 4. The LFRD's corporate by-laws must include a policy on accounting for new acquisitions, and disposing of used, worn, and replaced property purchased with tax funds and with non-tax funds.

- K. **YEAR-END CLOSING PROCEDURE.** The LFRD Treasurer or designee must use the procedures below to analyze year-end account balances, close out account balances, and prepare trial balances before the financial

statements are drafted. The services of a professional CPA will facilitate this process.

1. **Montgomery County “Letter.”** The MCFRS Budget Office will send each LFRD a year-end letter advising the LFRD President of the amounts that are due to the County. The LFRD Treasurer must prepare a year-end reconciliation of tax funds to verify whether any funds are due to the County, and record those amounts in the general ledger.
2. **Adjusting Entries.** Before preparing the June 30<sup>th</sup> trial balance, the LFRD Treasurer must adjust some of the accounts in the general ledger, e.g., the “due from” or “due to” Montgomery County accounts. The LFRD balance sheet accounts must include all of the LFRD’s assets, liabilities, and tax fund balances as of the close of business on June 30<sup>th</sup> of the current fiscal year. The operating budget accounts must include all the revenue and expenditures applicable to the *current* fiscal year; they must **not** include any revenue and expenditures relating to the *following* fiscal year. To determine whether a general ledger account reflects accurate information at year-end, the LFRD Treasurer must analyze the account and determine whether the example below applies.
  - a. **Items that do not need adjustment** include recorded costs that may cover two periods, e.g., a magazine subscription paid in March that extends from March through September, or utility bills covering more than one period. An LFRD Treasurer does not usually need to record these types of adjusting entry.
  - b. **Items requiring adjustment** may include “Unrecorded Expenditures,” e.g., an invoice received in July for services that were performed in June; or “Unrecorded Revenue,” if the County sends the last monthly allotment for the fiscal year in July.

#### **L. FILES THAT MUST BE MAINTAINED BY THE LFRD TREASURER.**

1. **Invoices.** File chronologically by month, or alphabetically by vendor, with the PO and any supporting documentation.
2. **Bank Checks.** Keep with each PO, or in a separate sequential file.
3. **Corporation Minutes.** Board of Directors meeting minutes must be typed, and must include the financial statements presented to the Board of Directors for acceptance.
4. **Fixed Assets.** List fixed assets that were purchased with tax funds, including purchase dates, cost, inventory tag number, serial number, and description.

**M. LFRD INTERNAL CONTROLS** are required to maintain the integrity of the process for keeping and disbursing tax monies allocated to the LFRD. Use the checklist below to meet audit requirements.

1. **CASH.** Deposit as soon as it is received.
2. **CHECKS.** Stamp a restrictive endorsement (“For Deposit Only – Bank Account #####”) on the back as soon as they are received.
  - a. All disbursement checks must have two signatures.
  - b. LFRD-authorized check signers must review invoices and supporting documents before checks are validated and signed. The signer must review the vendor, amount, and reasonableness of the expenditure before signing the check.
  - c. *Never* make checks out to “cash” or “bearer.” Make checks payable *only* to an individual, business, or vendor.
  - d. The payee of a check must not be the check signer.
  - e. Update bank signature cards immediately when there is any change of authorized bank account signatory.
3. **Bank Accounts.** Reconcile all accounts monthly.
  - a. Compare individual checks to the amounts recorded in the cash disbursement journals.
  - b. Examine signatures and endorsements of checks on a random sample basis.
  - c. Account for the numerical sequence of all checks.
  - d. Reconcile the general ledger balance to equal the adjusted balance, in accordance with the bank reconciliation.
  - e. Compare deposit amounts and dates with cash receipt entries.
  - f. Investigate checks that are outstanding for more than 45 days.
  - g. Review all bank accounts to ensure they do not exceed minimum financial institution insurance (FDIC, FS/LA) levels.
  - h. Secure checks, and ensure that software is password-protected.
4. **CREDIT CARDS** used by the LFRD must be carefully controlled.



- a. Only persons who are authorized to make purchases may use the cards for official LFRD business.
  - b. Do **not** use debit cards for any LFRD business.
  - c. Do **not** permit cash advances at any time.
  - d. The LFRD Treasurer must carefully scrutinize bills when they are received to ensure that purchases meet MCFRS goals and objectives.
5. **INTERNET PURCHASES** must be carefully controlled, and may be used only under a policy approved by the LFRD Board of Directors.
  6. **LFRD MAIL** must be delivered *only to the LFRD Corporate address or LFRD authorized Post Office Box number*, **never** to the homes of officers, employees, or staff.

## **VI. PROCUREMENT PROCESS, County Code Sec. 21-27**

### **A. PURCHASING AUTHORITY**

1. **For purchases less than \$5000: see FRC Exec. Reg. 25-99**

The LFRD Treasurer must designate at least one purchasing officer authorized to initiate the purchase of routine goods and services not to exceed \$5000 per purchasing activity. This person must have access to information on available funds so budget limits are not exceeded.

2. **For purchases exceeding \$5000**

Proposed purchases exceeding \$5000 must be approved through the LFRD's established review authority, or Chief, President, or Board of Directors/Trustees before execution.

### **B. REQUIRED DOCUMENTATION**

1. **For purchases less than \$5000: see FRC Exec. Reg. 25099**

Obtain at least three quotes, if possible, for all purchases less than \$5000, except for the payment of utility expenses. If three bids cannot be obtained, or if there is insufficient justification for sole source procurement, the LFRD Chief or President must document this, and make it part of the purchase record.

**2. For purchases exceeding \$5000**

Obtain at least three written quotes for all purchases exceeding \$5000. If three bids cannot be obtained, or if there is insufficient justification for sole source procurement, the LFRD's Chief or President must document this, and make it part of the purchase record.

The requirements for quotes can be satisfied by an annual review of items purchased frequently or routinely by the LFRD Board of Directors.

**C. AWARDING CONTRACTS**

1. All contract awards must be based upon the lowest price, all other factors (i.e., quality, level of service, compatibility with existing equipment and structure, warranty terms) being equal.
2. An LFRD may participate or bridge onto existing government (State or local) contracts without soliciting bids, if the original contract was awarded through a competitive process and was not a sole source award. For information on this process, contact the MCFRS Administrative Services Division Procurement Office. If a bridge contract is used, obtain a copy of that contract and file it with the corresponding paperwork.
3. When awarding a contract, consider using County-certified or existing contractual vendors.

**D. EMERGENCY PURCHASES**

1. Prior approval is not required to initiate emergency repair of fire and rescue vehicles or buildings. However, the LFRD Chief and President must be kept informed of the potential costs. Emergency repairs must be documented with a full written rationale, including completion of a normal PO within 48 hours of the occurrence.
2. When these procedures are not followed because of an emergency procurement, or if sufficient bids could not be obtained, the LFRD must carefully document the exact circumstances regarding the purchase, and include this documentation in the file with the PO and other documents. This information must show:

the nature of the emergency;  
efforts to solicit bids;  
information available on other sources of pricing;  
any other pertinent information; and  
signatures indicating the review and approval of appropriate LFRD officials.

## **VII. FINANCIAL REPORTING**

- A.** Monthly financial reports must be prepared for, and reviewed by, each LFRD Board of Directors. The review must include a comparison of budgeted amounts to actual amount spent, year-to-date. Most accounting software generates this report as a budget comparison.
- B.** Secure accounting records and books at all times. Software must be password-protected, with access limited.
- C.** Maintain accurate records of the Board of Directors meetings, and attach a review of the monthly financial reports to the minutes when filed.

## **VIII. COUNTY AUDIT PROCEDURE. County Code Sec. 21-24 (d.)**

### **A. REQUIRED FOR AUDITORS**

Each year, the County's Office of Legislative Oversight (OLO) contracts with an outside audit firm to audit the tax-related accounts of the LFRDs. When this audit is complete, items requiring further action are brought to the attention of the LFRD. Ultimately, the report of the auditor is forwarded to the County Council for review.

After the close of the fiscal year, the LFRDs receive a letter from the auditing firm advising them of the impending audit, and notifying them of the items they must prepare for the auditors' visit. These items usually include:

1. a copy of each LFRD's written accounting and internal control policies and procedures;
2. the budget for the end of the last fiscal year;
3. a list of all bank accounts, Certificates of Deposit, etc., that were used during the audit year for Fire Tax District and State Grant Funds, including the bank's name, address, account number, and type of account (checking, savings, etc.);
4. the names and addresses of any attorney(s) consulted during the year;
5. a list of Board members and management personnel;
6. a list of the LFRD's employees;
7. the Chart of Accounts, i.e., line items, budget accounts; etc.
8. the June 30<sup>th</sup> trial balance for the audit year;

9. the June 30<sup>th</sup> bank reconciliation for the audit year;
10. the schedule of accounts payable at June 30<sup>th</sup> of the audit year; and
11. the schedule of encumbrances at June 30<sup>th</sup> of the audit year.

Minutes from the Board of Directors and copies of all financial documents must also be made available to Montgomery County.

**B. TIMING**

When the items indicated above are prepared, the auditors' fieldwork, usually planned for October and November, is ready to begin. The auditors will arrange dates for fieldwork well in advance with representatives from each LFRD, which must make every effort to adequately prepare for the annual audit before the scheduled date. If the LFRD cannot complete each of those items by the first day of fieldwork, it must notify the auditors immediately. The auditors may then reschedule fieldwork when all items are available.

**IX. DISASTER RECOVERY AND BACK-UP PROCEDURE**

All LFRD financial records must be safeguarded to maintain their integrity, limit access to authorized users, and enable them to be reconstructed in case of disaster. To that end, all LFRDs must follow the procedure below.

At the end of each week, each LFRD designee must back up all accounting records by transferring files to a back-up disk, which must be labeled appropriately and stored in a locked, secure area.

At least quarterly, a second back-up must be produced and stored at an off-site location, i.e., at an accountant's office, in a safe deposit box, or at a remote secure server.

All computers containing financial records and software must be virus-protected by a program that is constantly updated.

All programs containing financial records and software must be password-protected, with access limited to an absolute minimum. Passwords must be changed at least every six months. These units must be stand-alone computers, and prevent network or Internet access, unless through a firewall.

**X. MISCELLANEOUS**

- A. VOLUNTEER FUNDS.** Although this policy does not address the accounting process for Volunteer funds, LFRDs have funding sources other than tax funds, and may purchase goods and services with both tax funds and LFRD funds. When LFRD funds are used instead of tax funds, pending

reimbursement, maintain proper documentation to clearly identify the sources of funds and the justification for their expenditures.

- B. TIME SHEETS.** Each LFRD's employee(s) and their supervisor(s) must sign timesheets before forwarding them to its administrative office, which processes the timesheets per County policy, and forwards them to the County's Payroll Office. Supervisors must verify:

the hours worked;  
that overtime recorded on the timesheet matches overtime slips;  
that all sick leave is properly documented; and  
that any time charged for lateness is adequately documented.

- C. **LOSAP Activities.** See FRC Executive Regulation 17-00, *Administration of the LOSAP Program*
- D. **Standby Food Expenses.** See FRC Executive Regulation 15-88AM, *Volunteer Stand-by Food Program*
- E. **Local and Non-Local Travel Expenses.** See FRC Executive Regulation 27-89AMII, *Local and Non-Local Travel Guidelines*
- F. **Corporation Legal Expenses.** See FRC Policy 03-06, *Corporation Legal Expense Policy*

## GLOSSARY

**Agency.** A major organizational component that receives Montgomery County funding including Montgomery County Government (Executive departments, Legislative offices and boards, Circuit Courts and judicial offices); Montgomery County Public Schools (MCPS); Montgomery College (MC); Maryland-National Capital Park and Planning Commission (M-NCPPC); Washington Suburban Sanitary Commission (WSSC); Housing Opportunities Commission (HOC); Washington Metropolitan Area Transit Authority (WMATA); Montgomery County Revenue Authority .

**Appropriation.** Authority to spend a specific dollar amount to fund an approved work program during a fiscal year. The County Council makes separate appropriations to each capital project and to Personnel Costs, Operating Expense, and Capital Outlay for each County operating department,

**Appropriation Category.** An element of the County Council's appropriation for each County department; i.e., Personnel Costs, Operating Expenses, or Capital Outlay.

**Authorized Positions.** The number of positions authorized by the County Executive in an agency's approved personnel complement.

**Balance Sheet.** An accounting at a specific point in time of the LFRDs' assets, liabilities and equity.

**Budgetary Basis.** Accounting basis that may be used by an LFRD during the fiscal year; similar to the modified accrual basis of accounting, except that under a budgetary basis, encumbrances are recorded as expenditures instead of as a reservation of the fund balance. The budgetary basis must be converted to the modified accrual method at the end of each fiscal year.

**Cash Basis.** An accounting basis that recognizes when the cash is received; expenditures are recorded only when the cash is disbursed.

**Capital Budget.** The annual request for capital project appropriations. Project appropriations are normally made only for the amount necessary to enable the implementation of the first year of the capital program expenditure plan. However, if contracted work is scheduled that will extend beyond the upcoming fiscal year, the entire contract appropriation is required, even if the work and expenditures will be spread over two or more fiscal years.

**Capital Improvements Program (CIP).** The comprehensive presentation recommended and adopted in even-numbered calendar years, encompassing capital project expenditures estimates; funding requirements; capital budget requests; and program data for the construction of all public buildings, roads, and other facilities planned by County agencies over a six-year period.

**Capital Outlay.** An appropriation and expenditure category for government assets with a value of \$5,000 or more, and a useful economic lifetime of more than one year.

**Carryover.** The process in which, at the end of one fiscal year, appropriation authority for previously approved encumbrances and unexpended grant and capital funds are carried forward to the next fiscal year.

**Chargebacks/Charges to Others.** In the budget presentation, costs of services or work years that are chargeable to another agency or fund.

**Consumer Price Index-Urban (CPI-U).** A commonly-accepted indicator of inflation as it applies to consumer goods, including the supplies, materials, and services required by the County.

**Current Revenue.** A funding source for the Capital Budget that is provided for annually within the appropriations. Current Revenue is not eligible for debt financing, or to substitute for debt-eligible costs.

**Deferred Revenue.** Income due from the County at the end of a fiscal year that is not received until the following fiscal year.

**Department.** A primary organizational unit within Montgomery County Government, including the principal offices, boards, and commissions.

**Division.** A primary organizational unit within a government department or agency, usually responsible for administering basic functions or major programs of a department

**DVS.** Abbreviation for Division of Volunteer Services.

**Employee Benefits.** Payments made by the employer for Social Security, retirement, and group insurance.

**Employee –Temporary.** An individual occupying a position required for a specific task or a period not to exceed 12 months, or a position that is used intermittently on an as- needed basis (seasonal, substitute, etc.).

**Emergency.** An unsafe condition endangering health, life or property, possibly resulting in unforeseen curtailment or termination of an essential service, thereby requiring immediate corrective action.

**Encumbrance.** An accounting commitment that reserves appropriated funds for a future expenditure. The total of expenditures and encumbrances for a department or agency in a fiscal year, or for a capital project, may not exceed its total appropriation. This term also refers to the commitments related to unperformed or pending contracts for goods or services.

**Expenditure.** Funds used generally to purchase goods and services, payment of salaries and benefits, and payment of debt service.

**Expenses.** Liabilities incurred from carrying out operations.



**Fiscal Year (FY).** The 12-month period to which the annual Operating and Capital budgets and their appropriations apply. Montgomery County's fiscal year starts on July 1 and ends on June 30.

**Fixed Assets.** Assets with a unit cost of over \$5,000, and/or a useful life of more than one year, that are intended to continue to be held or used, e.g., land, buildings, machinery, furniture, and other equipment.

**Fund Balance.** The amount of money left in a fund after encumbrances and expenditures.

**General Ledger.** Details of all financial events transacted during the current fiscal year. Accounts in the general ledger include assets, liabilities, fund balances, revenue, and expenditures.

**General Fund.** The principal Operating Fund for the County government, used to account for all financial resources except those required by law, County policy, and generally accepted accounting principles to be accounted for in another fund.

**General Wage Adjustment (GWA).** An increase in salaries, other than seniority-based merit increases. GWA has been referred to as the "Cost-of-Living" (COLA) adjustment.

**Grant.** A payment from one level of government to another, or from a private organization to a government entity, made for specified purposes with funds spent only for that purpose.

**Lapse.** The reduction of gross personnel costs by an amount believed unnecessary because of turnover, vacancies, and normal delays in filling positions.

**Level of Service.** The existing or current services, programs, and facilities provided by a government to its citizens. The level of service may increase, decrease, or remain the same, depending upon alternatives and available resources.

**Liability.** The obligation to satisfy a current debt with future revenue.

**MARC.** Acronym for Maximum Agency Request Ceiling, the dollar amount provided to each County division at the start of the budget year. This is the target amount of funding the County anticipates providing to each agency, and is the target amount for the next years planning.

**Merit System Employee.** Any person employed by Montgomery County Government who is subject to the provisions of the Merit System. The LFRD employees are not County employees, but they are protected under a separate merit system.

**Modified Accrual Basis.** The accounting basis that must be used by the LFRDs to account for County Tax Fund revenue and expenditures in the period in which they occur. If expenditures are made, or revenues are received, within 90 days before the

end of the fiscal year and can be attributed to that year, they are recorded to that year.

**Montgomery County Revenue.** Monthly allotments received from the County, and monies spent by the County on the LFRD's behalf.

**Non-Departmental Account (NDA).** A budget category used to account for resources used for County-funded activities that do not fall within the functional assignment of a specific department, or for expenditures related to more than one department.

**OLO.** Acronym for Office of Legislative Oversight, the County agency responsible for monitoring the County Tax Fund audit process.

**OMB.** Abbreviation for the County's Office of Management and Budget.

**Operating Budget.** A comprehensive plan by which an organization's operating programs are funded for a single fiscal year.

**Operating Expense.** Those costs, other than expenditures for Personnel Costs and Capital Outlay, that are necessary to support the operation of an organization, e.g., charges for contractual services, telephones, printing, motor pool, and office supplies.

**Personnel Complement.** The full and part-time positions, work years, and costs related to employees of a department or agency.

**Personnel Costs.** Expenditures made for salary, wages, and benefits payable to employees.

**Program.** A primary service, function, or set of activities that addresses a specific responsibility or goal within an agency's mission. A program encompasses all associated activities directed toward the annualization of an established objective.

**Program Description.** A statement of the purpose for a program, explaining what it does and how it contributes to a department's mission. A program description identifies activities that will accomplish specific functions or meet specific responsibilities.

**Program Measurement.** The quantifying of results or outcomes in the community by evaluating organizational or program performance through a family of measures (outputs, inputs, quality/effectiveness, and efficiency) in the department at the program, or program element level.

**Purchase Order (PO).** A uniquely-numbered form containing the information and approval (signatures) necessary to purchase goods and services.

**Reallocation.** The transfer of unencumbered appropriations among line items.

**Reimbursement.** Funds received that directly offset a related expense incurred, i.e., insurance reimbursement, rebates, returns.

**Reserved for Encumbrances.** Funds reserved to cover the estimated amount of expenditures that would result if unperformed contracts in process at year-end are completed. An encumbrance does not constitute an expenditure or liability of the corporation.

**Revenue.** All funds that the LFRD received from all sources.

**Risk Management.** A process used to identify and measure the risks of accidental loss, to develop and implement techniques for mitigating risk, and to monitor results.

**Salary Schedule.** A listing of the minimum and maximum salaries for each grade level in a classification plan for merit system positions.

**Self-Insurance.** The funding of liability, workers' compensation, unemployment, and life and health insurance needs through the County's own financial resources, rather than commercial insurance plans.

**Spending Affordability Guideline (SAG).** An approach to budgeting that assigns expenditure ceilings for the forthcoming budget year, based on expected revenues and other factors. Under Section 305 of the County Charter, the County Council is required to establish spending affordability guidelines for both the Capital and Operating Budgets.

**State Grant Revenue.** The pre-approved funds that the County passes through to the LFRDs, that are derived from the State of Maryland. This figure must be included in the County's reconciliation letter.

**Supplemental Appropriation.** An appropriation of funds above the amounts originally appropriated, to authorize additional expenditures that were not anticipated in the adopted budget. A supplemental appropriation is required to enable the expenditure of reserves or additional revenues that the County received through other sources.

**Tax-Supported Fund.** A revenue fund, either the General Fund or a special revenue fund, supported in part by tax revenues and included in the Spending Affordability Guidelines.

**Transfer.** A transaction moving both the appropriation (authority) and the allotment (cash) from one appropriation category (e.g., Personnel, Operations Expense, Capital Outlay), to another, via a written request (currently a BE Form).

**Unappropriated Reserves.** The planned-for excess of revenues over budgeted expenditures, within any of the various government funds.

**Unreserved, Undesignated.** An account representing the remaining fund balance after all designations and reservations have been accounted for in the general ledger.

**Workyear (WY).** A standardized unit for measuring government personnel effort and costs. A work-year is the equivalent of 2,080 work-hours, or 260 workdays. This term is roughly equal to "Full-Time Equivalents."

**Appendix A.**  
**Line Items (Consolidated) by Appropriation Categories.**

**POINTERS**

V- Volunteer Support  
E- Fire/EMS Supply  
A- Administration  
M- Vehicle Maintenance  
B- Facility Management  
P- Personnel Costs (Salaries and Fringe Benefits)  
F- Public Education  
S- Specialty Teams (if applicable)

<b>Current County Program Code</b>	<b>Line Item Description</b>	<b>Previous County Code</b>	<b>Pointer</b>
1000	Full Time Salaries	01	P
1002	Part Time Salaries	02	P
1360	Overtime	03	P
***1	<b>SALARIES AND WAGES</b>		P
1500	Social Security – FICA	08	P
***2	FICA		
1600	Group Insurance	09	P
***3	GROUP INSURANCE		
1800	Retirement	10	P
***4	RETIREMENT		
****	<b>FRINGE BENEFITS</b>		P
****	<b>TOTAL PERSONNEL COSTS</b>		P
2000	Accounting Services	733	A
2026	Legal Services	731	A
2307	Refuse Collection	636	B
2598	Remodeling	623	B
2599	Building & Grounds/Maintenance	627	B
3049	Communications	635	A
3249	Printing	723	A
3250	Postage	719	A
3400	Local Travel	791	V
3401	Non-Local Travel	787	V
3524	Fire Prevention	665	F
3549	Professional Training/Aids	643	V
3749	Subscriptions (and Dues)	771	V
3800	Office Supplies	707	A
3939	Medical Equipment/Supplies	691	E

4005	Service Awards	663	V
4102	Fire Suppression Equip/Supplies	757	E
4199	Other Equipment/Supplies	711	E
4203	Fuel	713	M
4207	Shop Equipment/Supplies	701	M
4239	Vehicle Maintenance	703	M
4449	Furniture & Appliances	625	B
4529	Clothing (and Gear)	631	V
4600	(Library) Books	687	V
4725	Small Tools	767	E
4799	Janitorial/Custodial	671	B
4899	Rental Equipment	739	B
5299	Station Utilities	807	B
6909	Miscellaneous Supplies	695	A
6950	Food	667	V
6951	Standby Food	668	V
6999	Miscellaneous	----	B

**\*\*\*2 TOTAL OPERATING EXPENSES**

7999	Capital Outlay	929	E
7999	Capital Outlay	929	M
7999	Capital Outlay	929	B
7999	Capital Outlay	929	A

**\*\*\*3 TOTAL CAPITAL OUTLAY**

INDEX TOTAL  
ORGANIZATION TOTAL

Current County		Previous County	
Program Code	Line Item Description	Program Code	Pointer
1000	Full Time Salaries	01	P
1002	Part Time Salaries	02	P
1004	Personal Leave Days		
1110	Annual Leave Pay		
1120	Sick Leave Pay		
1130	Compensatory Leave Pay		
1140	Administrative Leave Pay		
1360	Overtime	03	P
***1	<b>SALARIES AND WAGES</b>		P
1500	Social Security – FICA	08	P
1501	Social Security – FICA Medicaid		
***2	<b>TOTAL FICA</b>		
1600	Group Insurance	09	P
1622	Kaiser		
1623	Optimum Choice		
1625	Dental		
1626	Caremark		
1627	Vision		
1630	Life Insurance- Employee		
1633	Blue Cross Blue Shield POS		
***3	<b>TOTAL GROUP INSURANCE</b>		
1800	Retirement	10	P
***4	<b>TOTAL RETIREMENT</b>		
****	<b>TOTAL FRINGE BENEFITS</b>		P
***1	<b>TOTAL PERSONNEL COSTS</b>		P

2000	Accounting Services	733	A
2026	Legal Services	731	A
2307	Refuse Collection	636	B
2598	Remodeling	623	B
2599	Building & Grounds/Maintenance	627	B
3049	Communications	635	A
3249	Printing	723	A
3250	Postage	719	A
3400	Local Travel	791	V
3401	Non-Local Travel	787	V
3524	Fire Prevention	665	F
3549	Professional Training/Aids	643	V
3749	Subscriptions (and Dues)	771	V
3800	Office Supplies	707	A
3939	Medical Equipment/Supplies	691	E
4005	Service Awards	663	V
4102	Fire Suppression Equip/Supplies	757	E
4199	Other Equipment/Supplies	711	E
4203	Fuel	713	M
4207	Shop Equipment/Supplies	701	M
4239	Vehicle Maintenance	703	M
4449	Furniture & Appliances	625	B
4529	Clothing (and Gear)	631	V
4600	(Library) Books	687	V
4725	Small Tools	767	E
4799	Janitorial/Custodial	671	B
4899	Rental Equipment	739	B
5299	Station Utilities	807	B
6909	Miscellaneous Supplies	695	A
6950	Food	667	V
6951	Standby Food	668	V
6999	Miscellaneous	----	B

**\*\*\*2 TOTAL OPERATING EXPENSES**

7999	Capital Outlay	929	E
7999	Capital Outlay	929	M
7999	Capital Outlay	929	B
7999	Capital Outlay	929	A

**\*\*\*3 TOTAL CAPITAL OUTLAY**

INDEX TOTAL  
ORGANIZATION TOTAL

<b>Current County Code</b>	<b>Line Item Description</b>	<b>Previous County County Program Code</b>	<b>Pointer</b>
	<b>VOLUNTEER SUPPORT</b>		V
3400	Local Travel	791	V
3401	Non-Local Travel	787	V
3549	Professional Training/Aids	643	V
3749	Subscriptions (and Dues)	771	V
4005	Service Awards	663	V
4529	Clothing (and Gear)	631	V
4600	(Library) Books	687	V
6950	Food	667	V
6951	Standby Food	668	V
	<b>FIRE/EMS SUPPLIES/EQUIPMENT</b>		E
3939	Medical Equipment/Supplies	691	E
4102	Fire Suppression Equip/Supplies	757	E
4199	Other Equipment/Supplies	711	E
4725	Small Tools	767	E
7999	Capital Outlay	929	E
	<b>VEHICLE MANAGEMENT</b>		M
1000	Mechanics	----	P
4203	Fuel	713	M
4207	Shop Equipment/Supplies	701	M
4239	Vehicle Maintenance	703	M
7999	Capital Outlay	929	M



**FACILITIES MANAGEMENT**

B

2307	Refuse Collection	636	B
2598	Remodeling	623	B
2599	Building & Grounds/Maintenance	627	B
4449	Furniture & Appliances	625	B
4799	Janitorial/Custodial	671	B
4899	Rental Equipment	739	B
5299	Station Utilities	807	B
6999	Miscellaneous	----	B
7999	Capital Outlay	929	B

**ADMINISTRATION**

A

1000	Personnel	----	P
2000	Accounting Services	733	A
2026	Legal Services	731	A
3049	Communications	635	A
3249	Printing	723	A
3250	Postage	719	A
3800	Office Supplies	707	A
6909	Miscellaneous Supplies	695	A
7999	Capital Outlay	929	A

**PUBLIC EDUCATION**

F

3524	Fire Prevention	665	F
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**SPECIALTY TEAMS**

S

**ORGANIZATION TOTAL**

## APPENDIX C



### DEPARTMENT OF FINANCE

Douglas M. Duncan, County Executive

Timothy L. Firestine, Director

XXXXXX VOLUNTEER FIRE DEPARTMENT

Dear Sir or Madam:

Original appropriation

XXXXXXXXXX

Appropriation revisions:

XXXXXXXXXX

XXXXXXXXXX

Less: Department's resources to fund FY O6

XXXXXXXXXX

Total Accountability by County

XXXXXXXXXX

Disbursements:

By County on behalf of Fire Department:

Salaries

XXXXXXXXXX

Fringe

FICA

XXX

Insurance

XXX

Retirement

XXX

XXXX

Miscellaneous

X

X

XXXXXX

By County directly to Fire Department

508 funds paid directly to Fire Department

CIP 508 funds paid directly to Fire Department

Encumbered 508 funds at 6/30/06 carried forward to FY07

**Division of the Controller**

## Appendix C

### Example of County Agency Codes

Department	45	FRS MC Fire and Rescue Service
Division	4590	FRS Local Volunteer Fire Departments
Section	459050	FRS District 5
Subsection	45905020	Gaithersburg FD
Index Code	45905020	

*Finance- accounting manual mandatory bf 07-06*